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Farm Outlook

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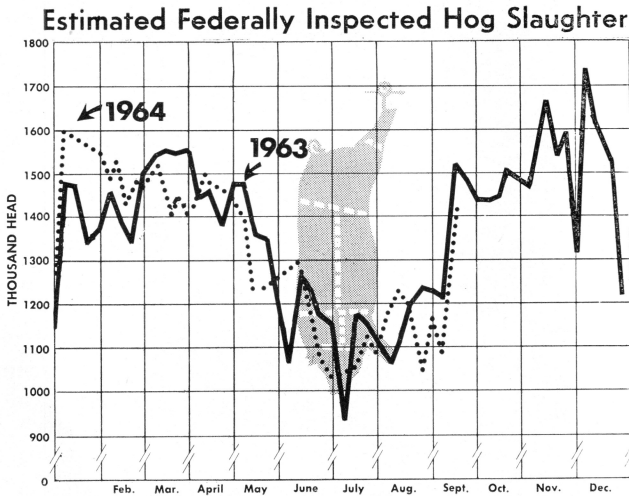
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Farm Outlook...

HOGS . . .

Hog market prospects for 1965 look relatively good, based on present farrowing estimates and farrowing plans. On September 1, hog producers in 10 Corn Belt states reported sow farrowings in the June-August quarter at 2.2 million head — 8 percent below a year earlier. These states normally account for around three-fourths of the nation's hog production.

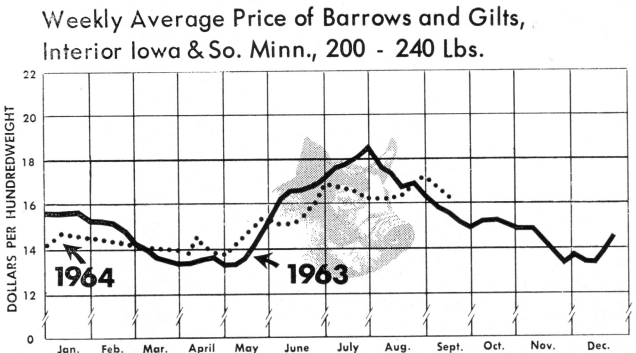
Plans for the September-November quarter indicated 2.1 million sows to farrow in the 10 states — 5 percent fewer than in 1963. Sow farrowings and farrowing plans by months for the June-November period were as follows (in thousands): June, 760, down 2%; July, 647, down 9%; August, 815, down 12%; September, 1,123, down 4%; October, 625, down 9% and November, 334, unchanged from last year.



Winter slaughter will come largely from the June-August farrowings, while September-November farrowings will provide the bulk of the spring quarter marketings. Thus hog slaughter during the first half of 1965 should be consistently below year earlier levels. Biggest drop in volume from last year is likely during the winter months when summer farrowed pigs come to market. Number of pigs on farms in 10 Corn Belt states September 1 weighing less than 60 pounds was down 11 percent from a year earlier. This also suggests substantially lower winter marketings.

Based on these supply prospects, 220-240 pound butchers in the Interior are expected to average \$1.25-\$1.50 higher during the January-March period than in 1963 when prices held close to the \$14-\$14.50 level.

Spring marketings should continue below year earlier levels — but by a smaller margin than during the winter months. There's a good chance that April-June prices will average 75 cents to \$1.00 better than in 1964 — with prices for 200-240 pound butchers in the Interior around the \$15.00 mark in April and up to the \$16.00 area by June.



Hog marketings and prices in the last half of 1965 will be determined largely by the size of the 1965 spring pig crop (December-May farrowing). On September 1, hog producers in the 10 Corn Belt States reported intentions to cut December-February farrowings by 13 percent from a year earlier. These plans can still be altered.

It appears doubtful that farrowings will be reduced this sharply. Breeding stock on hand September 1 showed only a 6 percent decrease in the 10 states. The December pig crop report will provide a later indication of the level of spring crop farrowings.

CATTLE . . .

Cattle slaughter continued well above 1963 levels during the late summer and early fall. Much of the increase, however, was in slaughter of cows and grassfed cattle. Average market weights also declined further.

As a result, the increase in beef tonnage was considerably less than the gain in number of cattle slaughtered. This reflected both lighter market weights and more lower yielding carcasses in the supply.

These changes in the composition and weight of the cattle slaughter have been important factors in the improved cattle market. They also suggest an earlier leveling off in cattle numbers and beef production than seemed likely a few months back.

Cattle slaughter in 1965 is likely to be moderately above the 1964 level. More cattle are available for feeding than a year ago — reflecting the increase in the 1964 calf crop and a large-

er number of yearlings. The increase in slaughter next year is likely to be in the area of 3 to 4 percent. This would compare with a jump of around 10 percent in 1964 beef production and the 7 percent increase from 1962 to 1963.

A further increase of 3-4 percent in 1965 cattle slaughter would probably halt the cyclical buildup in cattle numbers in this country — and might point numbers down slightly. It would also mean an increase in beef supplies about in line with expected growth in beef demand.

Under these conditions, cattle prices in 1965 would average about the same or a little better than in 1964. The seasonal pattern of prices could be considerably different, however. Prices in the first half of 1965 are likely to be \$1 to \$2 higher than a year earlier; July-December prices may average somewhat lower than in 1964.

CROP PRODUCTION . . .

The 1964 soybean crop was estimated as of October 1 at 698.5 million bushels — down slightly from the September 1 estimate and slightly below the record 1963 crop of 701 million bushels. The October 1 carryover was expected to be close to 40 million bushels. This would mean a total supply of around 740 million bushels for the 1964-65 marketing year, compared with 716 million the past year.

Utilization of beans in the 1963-64 marketing year totaled around 675 million bushels including record exports of over 190 million bushels. Domestic and export demand for the year ahead has been forecast at around 720 million bushels.

— Gene Futrell